

# **City of Falls Church**

## **FY2016 BUDGET & CAPITAL IMPROVEMENTS PROGRAM**

**March 9, 2015**

# The Little City on the Move

- The City Council has established key priorities:
  - Economic Development
  - Investment in Infrastructure
- The results of this focused leadership are being seen and gathering momentum

# Park Improvements

- Howard Herman Stream Valley Park
- West End Park
- Tinner Hill Historical Site
- Turf and Track Replacement GMHS



West End Park Plan



March 9, 2015



# Stormwater Improvements

- Preventing Local Flooding
- Improving Water Quality
- Taking Care of Aging Infrastructure



# Investment in Facilities



- Thackrey Pre-School
- Mount Daniel Elementary
- City Hall Public Safety  
(Evidence Storage Facility)  
911 Dispatch Equipment



# Private Construction

- Northgate
- Hilton Garden Inn
- Good Fortune
- Reserve at Tinner Hill
- Harris Teeter



- Bringing walkable, attractive new commercial and mixed use development to the City
- Growing the Tax Base
- \$88 million in 2014



# Era of New Challenges, New Opportunities, New Complexity

- Regional Transportation Initiatives
- Population Growth:
  - 10% growth 2010 – 2013
- Technological Change
- Preparedness and Resilience
- Environmental Sustainability
- Maintaining Affordability, Community Character, and Quality of Life



# Budget Summary

	Proposed FY2016	\$ Change	% Change
General Government	\$ 35,698,820	\$ 531,810	1.5%
School Transfer	38,813,100	1,953,570	5.3%
Debt Service *	5,830,730	816,606	11.8%
CIP (Pay-as-you-go)	872,000	(280,000)	-8.4%
Transportation (DRPT Funds)	1,111,514	(1,088,486)	-49%
Fleet Replacement (Debt)	384,000	225,000	142%
Building Safety (Fee Reserve)	357,990	357,990	
<b>Total</b>	<b>\$ 83,068,154</b>	<b>\$ 2,516,490</b>	<b>3.1%</b>



# Council Budget Guidance

- No tax rate increase for General Government expenditures
- Competitive employee compensation
- Building permit fee reserves for new construction
- Multi year forecasts
- Fleet replacement plan
- Comply with adopted financial policies

# Real Estate Tax Rate:

	Growth FY15 to FY16	
Organic Revenue Growth	\$ 3,124,822	4.1%
Debt Service Increase	(816,606)	
FY15 Use of FB for Operations	(1,228,000)	
Resulting Funds for FY16	\$ 1,080,216	1.5%
<b>Expenditure Limit for No Increase in Tax Rate:</b>		
General Govt Operating Costs	\$ 531,810	1.5%
School Transfer	\$ 549,000	1.5%
School Board Request	1,953,570	5.3%
Unfunded Amount	1,404,570	
Required Tax Rate Increase:	4 Cents	\$1.345

# Revenue Summary

## (General Fund)

	Proposed FY2016	\$ Change	% Change
<b>Real Estate Tax</b>	<b>\$50,220,000</b>	<b>\$3,913,000</b>	<b>8.4%</b>
<b>Local Taxes</b>	<b>20,078,000</b>	<b>190,300</b>	<b>1.0%</b>
<b>Permits &amp; Licenses</b>	<b>1,484,412</b>	<b>465,412</b>	<b>45.7%</b>
<b>State &amp; Federal</b>	<b>4,233,251</b>	<b>(1,159,883)</b>	<b>-21.5%</b>
<b>Service Charges</b>	<b>3,570,231</b>	<b>(5,000)</b>	<b>-0.1%</b>
<b>Other</b>	<b>1,504,260</b>	<b>114,260</b>	<b>8.2%</b>
<b>Designated Reserves</b>	<b>2,008,000</b>	<b>(972,000)</b>	<b>-32.6%</b>
<b>Total</b>	<b>\$83,098,154</b>	<b>\$2,546,490</b>	<b>3.2%</b>



# FY2016 Assessed Values:

**Single Family: + 3.7%**

**Townhouses: + 5.8%**

**Condos: + 5.7%**

**Commercial: - 1.2%**

**Apartments: + 35%**

**Overall: + 4.8%**

**Total Assessed Value: \$ 3.7 billion**

**Total AV Growth: \$177 million**

**New Construction: \$ 88 million**

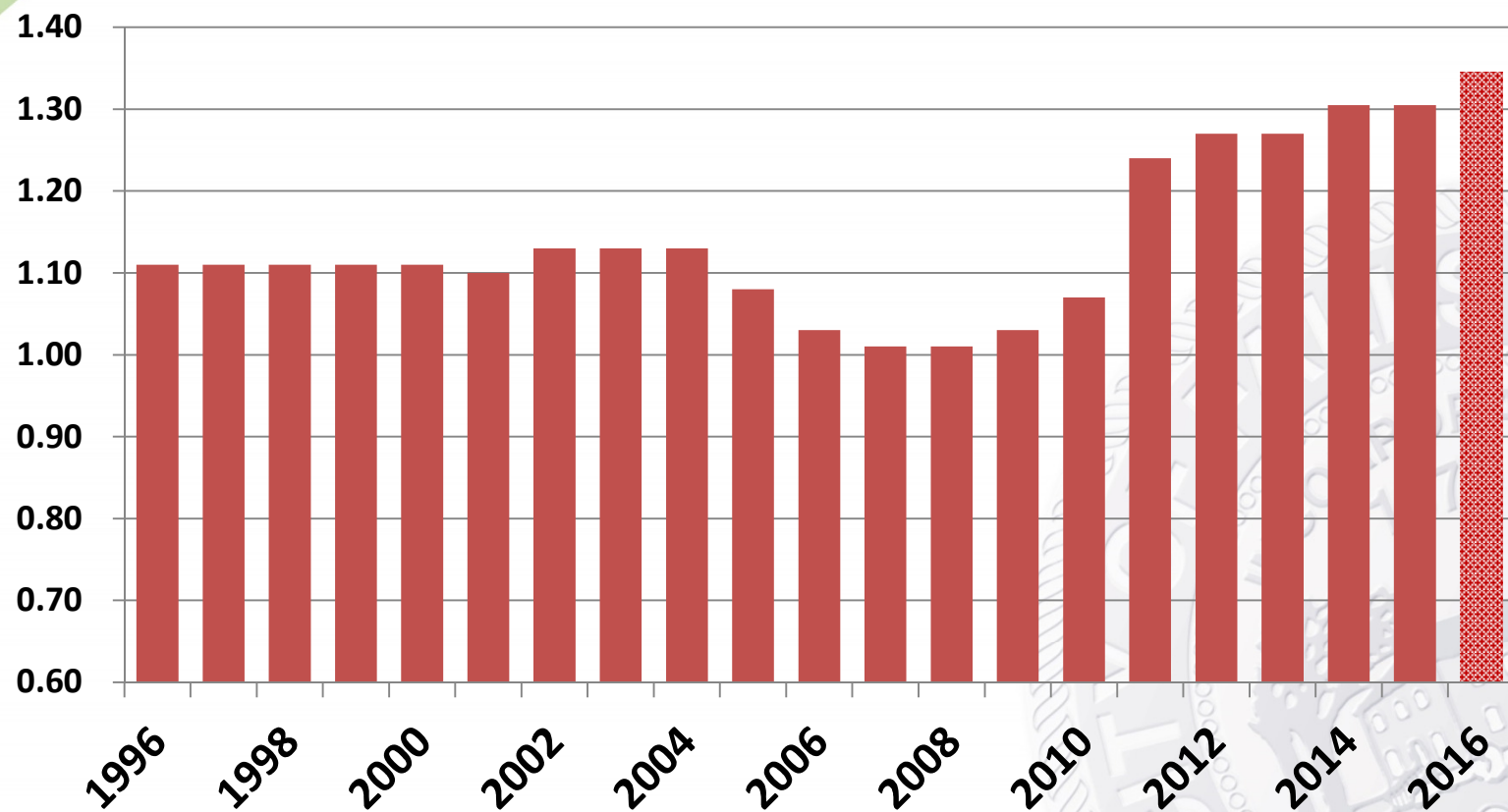
# RE Tax Rates in Region

2015 (Proposed To Date)

	TY2015	Extras	Comparable Tax Rate
Manassas Park City	\$ 1.650		\$ 1.650
Purcellville Town	1.415		1.415
Manassas City	1.368		1.368
Herndon Town	1.355		1.355
<b>Falls Church City</b>	<b>1.345</b>		<b>1.345</b>
Leesburg Town	1.338		1.338
Vienna Town	1.319		1.319
Prince William Co	1.223		1.223
Loudoun Co	1.13	0.050	1.18
Fairfax County	1.090	0.108	1.199
Fairfax City	1.040	0.010	1.050
Alexandria City	1.043	0.063	1.106
Arlington Co	0.996	0.058	1.054
<b>AVERAGE</b>	<b>1.25</b>	<b>0.05</b>	<b>1.28</b>

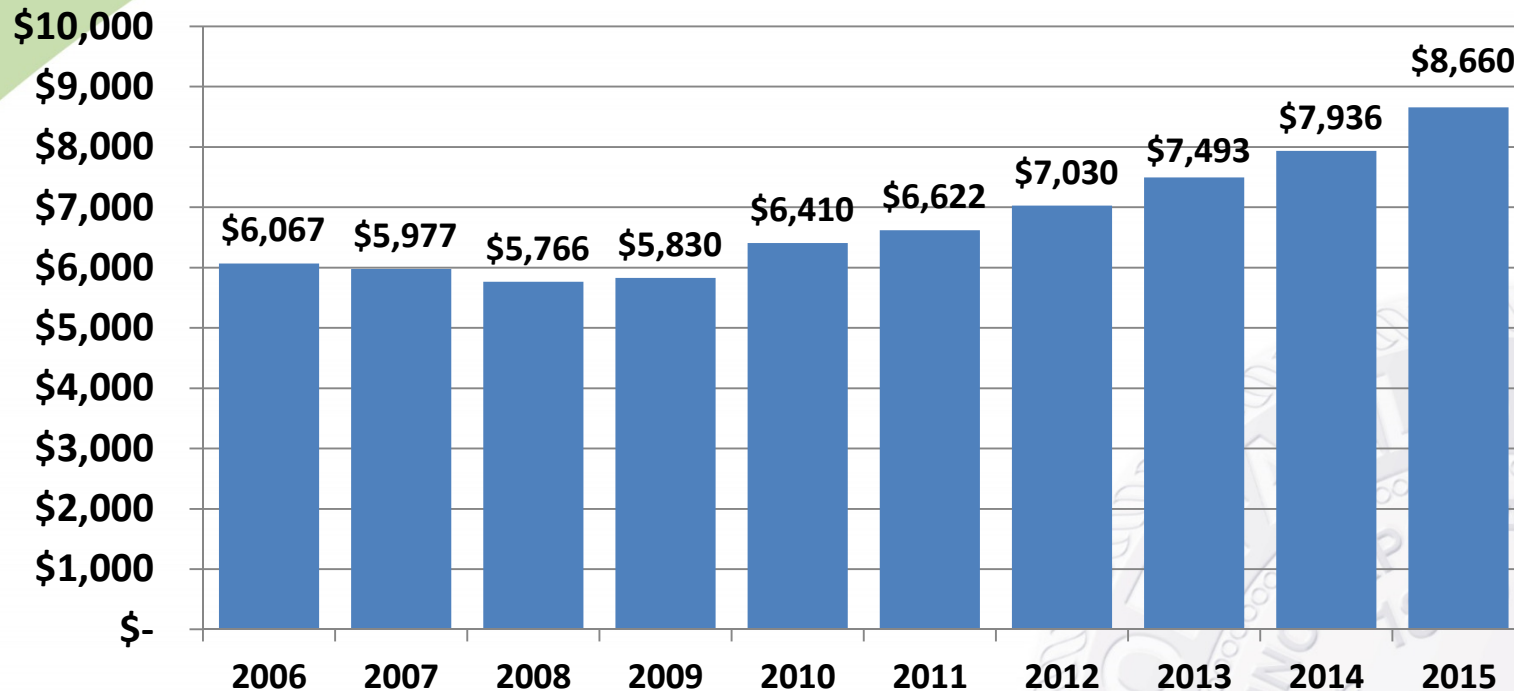
# Tax Rates over Time

RE Tax Rate





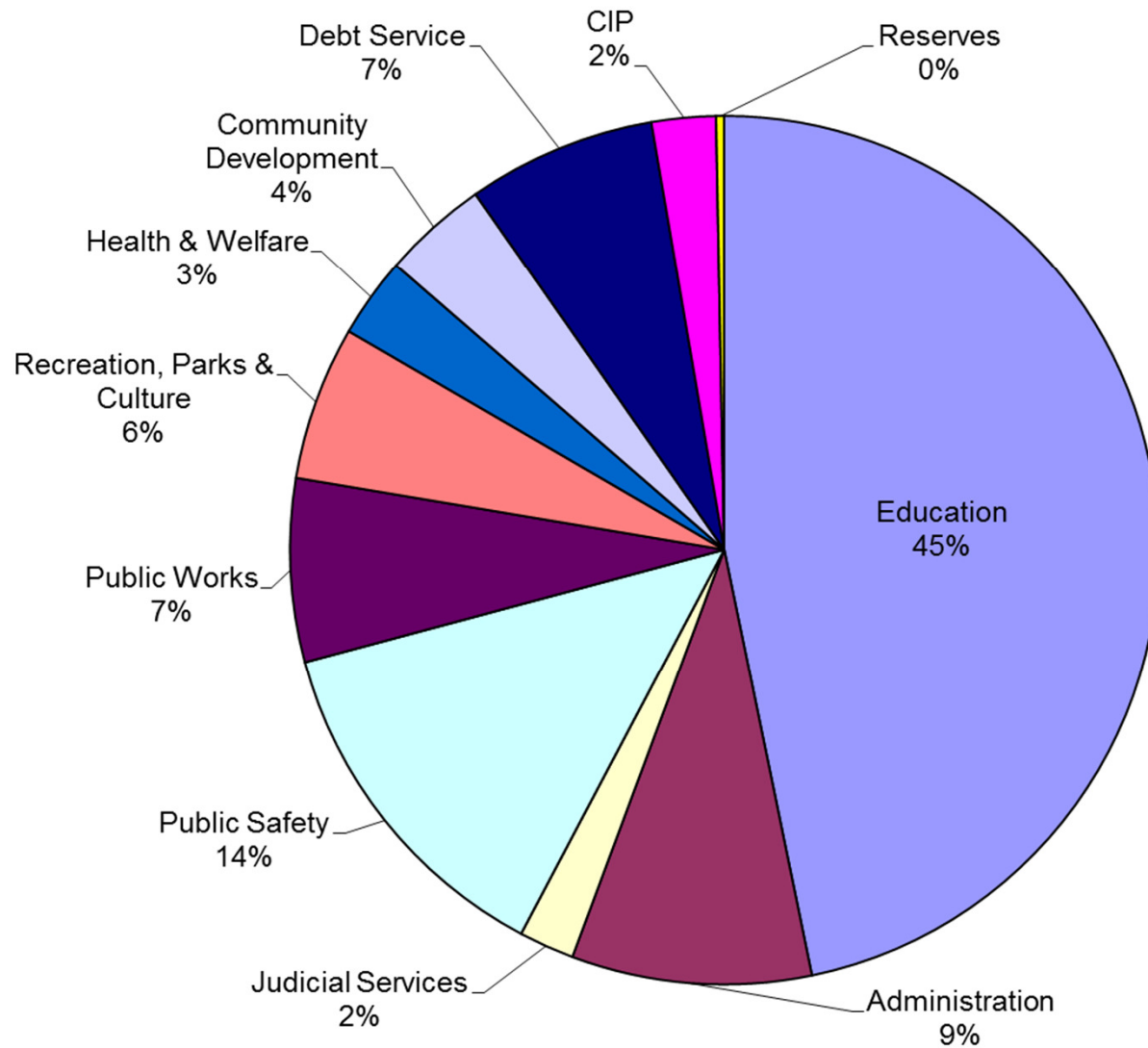
# Median Home Owner Property Tax Bill



**2015 median home value: \$643,900**

**2015: \$724 increase with \$467 due to assessment growth and \$257 due to 4 cent tax rate increase.**

## FY2016 Expenditures



# Employee Compensation

- **Goals:**
  - Recruit and retain high performing work force
  - Implement Compensation Study Recommendations
- **Salary:**
  - 2.5% merit increase
  - 3.0% step increase for Police; 0% COLA
  - We are still assessing FY16 regional local government proposals for competitiveness



# Employee Compensation Study

Compared with nine localities in NVRC

City of Alexandria  
Fairfax County  
Prince William Co.  
Town of Leesburg  
Town of Vienna  
City of Fairfax  
City of Manassas  
Town of Herndon  
Arlington County

Market minimum, the City lagged the market by 1.14%

Market midpoint the City lagged the market by 3.74%

Market maximum the City lagged the market by 6.85%

# Employee Compensation

- 16 employees below market minimum
- Police officers: compensation adjustment to bring them in line with the step plan
- Cost: \$65,000 (.5% of payroll)
- Implemented in FY15 and included in FY16 Budget

# Building Safety

- Since 2011
  - 68% increase plan reviews
  - 100% increase in CO applications
- Major Mixed Use Projects are Time Intensive
  - Tinner Hill: 15,488 electrical fixtures; 2,341 plumbing fixtures
  - Complexity: Structural, Fire Safety, Sophisticated Systems
- Failure is not an option



# **Additional Positions**

**Funded solely by Building Permit Fees**

**2.5 positions filled in FY15:**

- Administrative Technical Support
- Senior Plans Reviewer and Inspector
- Part time Fire Safety Plan Reviewer & Inspector

**1 Additional position proposed:**

- Structural Engineer/Building Plan Reviewer

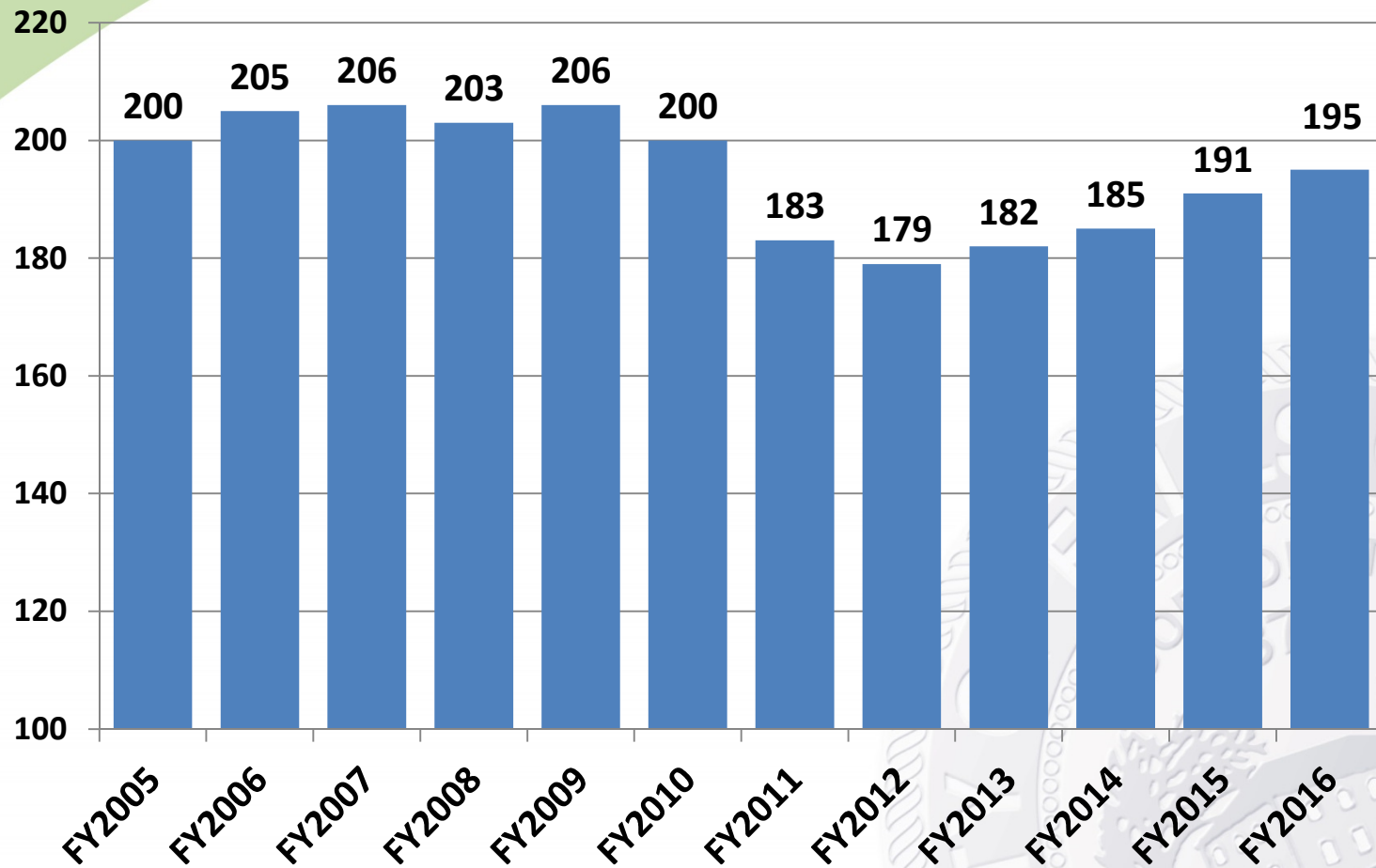


# Goals for Building Safety

- Ensure that current major projects get attention they require and are built safely
- Prioritize commercial tenant fit-outs
  - Important for economic competitiveness
- Shorten plan review times
- Provide walk-thru permits, for certain simple projects

# Positions Over Time

## (General Fund)



All new positions in FY16 are supported by special purpose fees, not general taxes.

# Priorities for Future Funding

- **Voter Machines:** \$200,000
- **Police Radios:** \$582,000
- **Annual Paving:** \$1,000,000
- **Sidewalk Maint:** \$300,000
- **IT Refresh (annual):** \$115,000
- **Internal Auditor:** \$130,000
- **Transportation Planner:** \$110,000
- **Total:** \$5.2 million

# School Budget



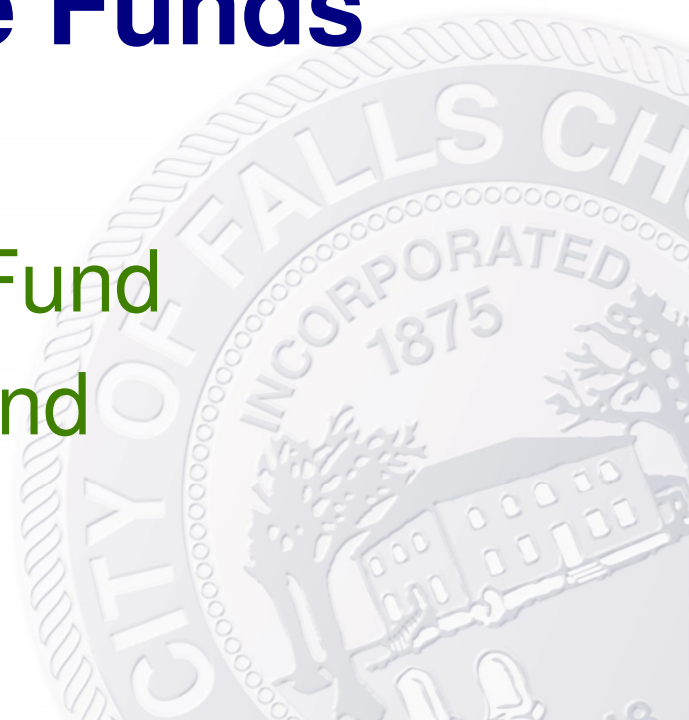
FALLS CHURCH CITY  
PUBLIC SCHOOLS



March 9, 2015

# Utility Enterprise Funds

Sanitary Sewer Fund  
Stormwater Fund





# Storm Water Utility

- **Goals:**
  - Comply with federal mandates to improve water quality
  - Mitigate local flooding
  - Repair and replace ~60 year old infrastructure
- **Five Year CIP: \$5.1 million**
  - Prioritized in Watershed Management Plan
- **Storm Water Fee: Unchanged**
  - \$18 per 200 square feet (unchanged)
  - Cost for Average Home: \$250 per year
  - Costs were removed from General Fund in FY2014
    - Equivalent to 1 cent reduction in RE tax rate

# Sanitary Sewer Utility

- **Sewer Five-Year Capital Improvements:**
  - \$5,600,000 treatment capacity expansion
    - Paid with development fees
  - \$3,250,000 rehabilitation of lines
  - \$3,481,300 treatment plant improvements
- **Sewer Fee: 3.5% increase**
  - Increase from \$9.40 to \$9.73 per 1,000 gallons
  - Necessary to fund debt service for EPA mandated treatment plant upgrades
  - 2012 Rate Study called for 7.8% increase



# **FY2016-2020 Capital Improvements Program**



March 9, 2015

# CIP Council Guidance

- **Focus on capital infrastructure in FY16 Budget**
- **Determine the use of \$11.3 M in Water Sale Proceeds**
  - Proposed 5-year CIP uses \$5.16M
- **Establish fleet and equipment reserve fund**
- **Increase public outreach and involvement in capital planning**
- **Comply with adopted policy:**
  - fund balance target
  - debt service limits



# Community Engagement

- **Website enhancements**
  - FAQs and Glossary
  - Current Project Info and Status
  - Videos: 3 completed, more in production
  - Address: [www.fallschurchva.gov/CIP](http://www.fallschurchva.gov/CIP)
- **Town Hall Open House & Community Surveys**
  - 31 Participants in Open House
  - 875 CIP Surveys received (7% of population)
  - 320 Comments
  - Analysis posted on web site
- **Library Board: Town Hall Meeting on new library**
- **Citizen Task Force on Public Safety Improvements**
- **GMHS Campus Planning this spring and summer**



# Planning Commission Recommendation

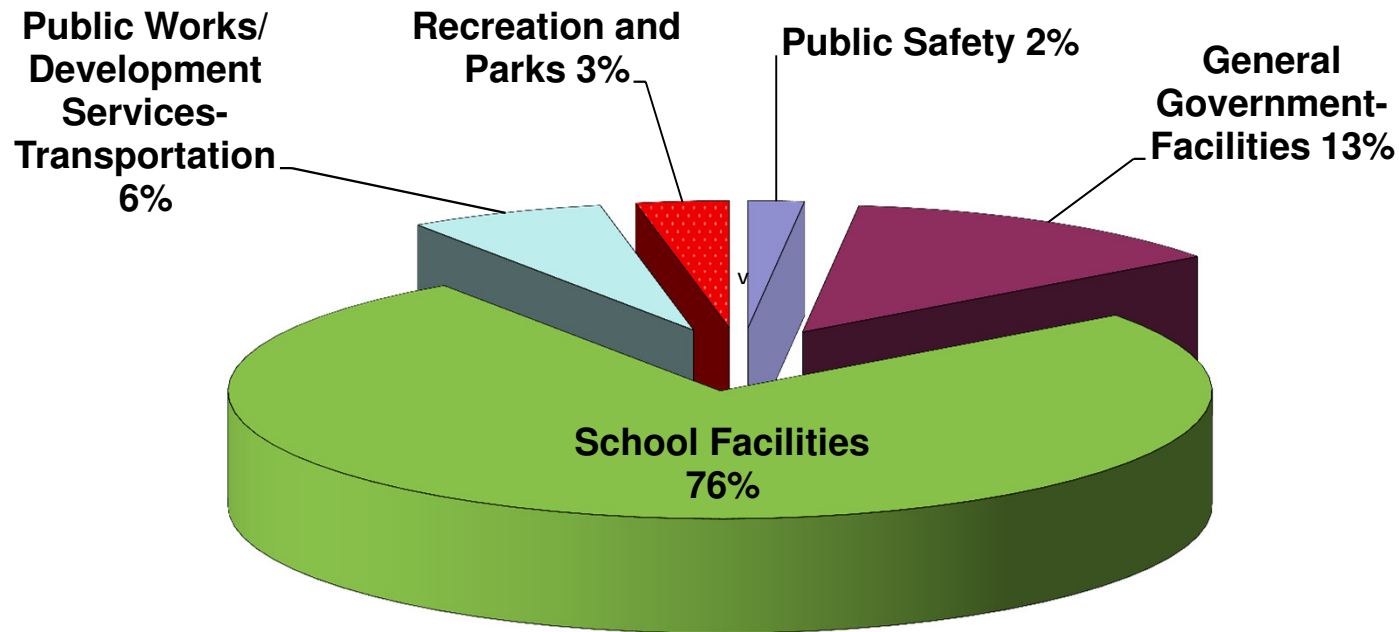
- **February 23, 2015 Planning Commission recommended approval:**
  - **Motion 1:** recommend approval as amended up to February 23rd plus \$210,000 water system sale proceeds for W&OD Trail Improvements
  - **Motion 2:** recommend that the City Council support the City Hall/Public Safety taskforce recommendations for funding the four (4) add-on projects
  - **Motion 3:** recommend that the City Council establish a dedicated and sustainable capital reserve funding source for facility and equipment replacements

# City Manager Recommendation

- **The City Manager's FY2016-2020 CIP recommendations are:**
  - consistent with the Planning Commission's recommendation except for one project
  - proposed budget does not recommend funding the W&OD Trail Improvements with 85% water sale proceeds

# Capital Improvements Program FY2016-FY2020

**Capital Improvements Program General Fund FY2016-FY2020  
(All Funding Sources)**



# Capital Improvements Program

## (Not Including Utilities)

	FY2016	Five Years
Public Safety	\$ 600,000	\$ 2,600,760
Public Facilities *** (includes Gen. Govt., Library & Schools)	7,500,000	125,541,610
Transportation	2,080,000	9,125,000
Parks & Recreation	872,000	4,320,000
<b>Total</b>	<b>\$11,052,000</b>	<b>\$141,587,370</b>

\*\*\*School & Library projects require a referendum.

# Capital Reserves

- **Total: \$12.9 Million**
- **Water Sale Proceeds: \$11.3 Million**
  - Budget Amendment Ordinance 1930
  - \$9.6 Million Long Term Capital (85%)
  - \$1.7 Million Immediate Capital (15%)
- **FY2014 Budget Amendments**
  - \$1.6 Million balance at end of FY2015



# Capital Reserves FY2016-FY2020

	85% Funds	15% Funds	Land Sale & Other	Total
<b>Capital Reserve Beginning Balance</b>	<b>\$ 9,600,000</b>	<b>\$ 1,700,000</b>	<b>\$ 1,643,859</b>	<b>\$ 12,943,859</b>
<b>Uses:</b>				
Public Parking	3,466,146	-	-	3,466,146
Parks & Fields*	-	872,000	1,000,000	1,872,000
Downtown Reinvest	-	628,000	-	620,000
Traffic Calming	-	200,000	-	200,000
Gen. Gov't & School Facility Reinvestment	-	-	643,859	643,859
<b>Total Uses</b>	<b>3,466,146</b>	<b>1,700,000</b>	<b>1,643,859</b>	<b>6,802,005</b>
<b>Balance FY2020</b>	<b>\$ 6,133,854</b>	<b>\$ 0</b>		<b>\$ 6,141,854</b>

\* Includes Park Master Plan, HEHSV Park, Turf Field/Track, Big Chimney Park

# **Downtown CIP – Potential Components (\$600k Funding)**

- **N Washington St (Broad to Park Ave)**
  - Nubs at Park Place & Park Avenue & New Crosswalk
  - Replace concrete sidewalks w/ Brick Pavers
  - Replace “Town & Country” streetlights w/ Acorn LED
- **W Broad St (Washington to Little Falls)**
  - Sustainable understory plantings (shade & root tolerant)
  - Water connections & electric outlets on N side
  - Refurbish existing paver sidewalks
- **Streetlights & Traffic Signals**
  - Replace 3 signals at Broad/Wash with Pedestrian Lighting
  - Convert City Acorns to LED (Lawton to Haycock)
  - Refurbish and repaint streetlights (Lawton to Haycock)

# Downtown CIP – Illustrations

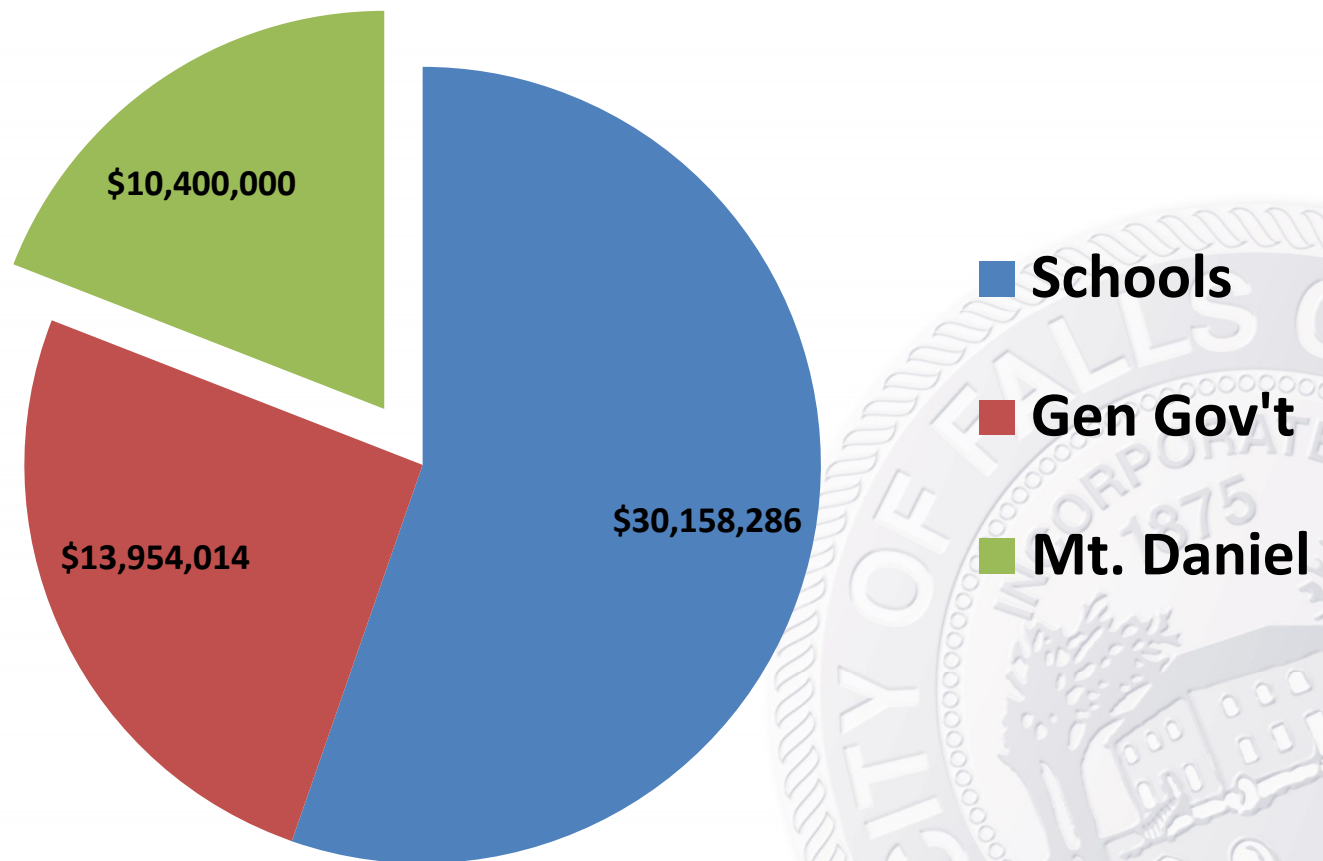
## 100 Blk N Washington



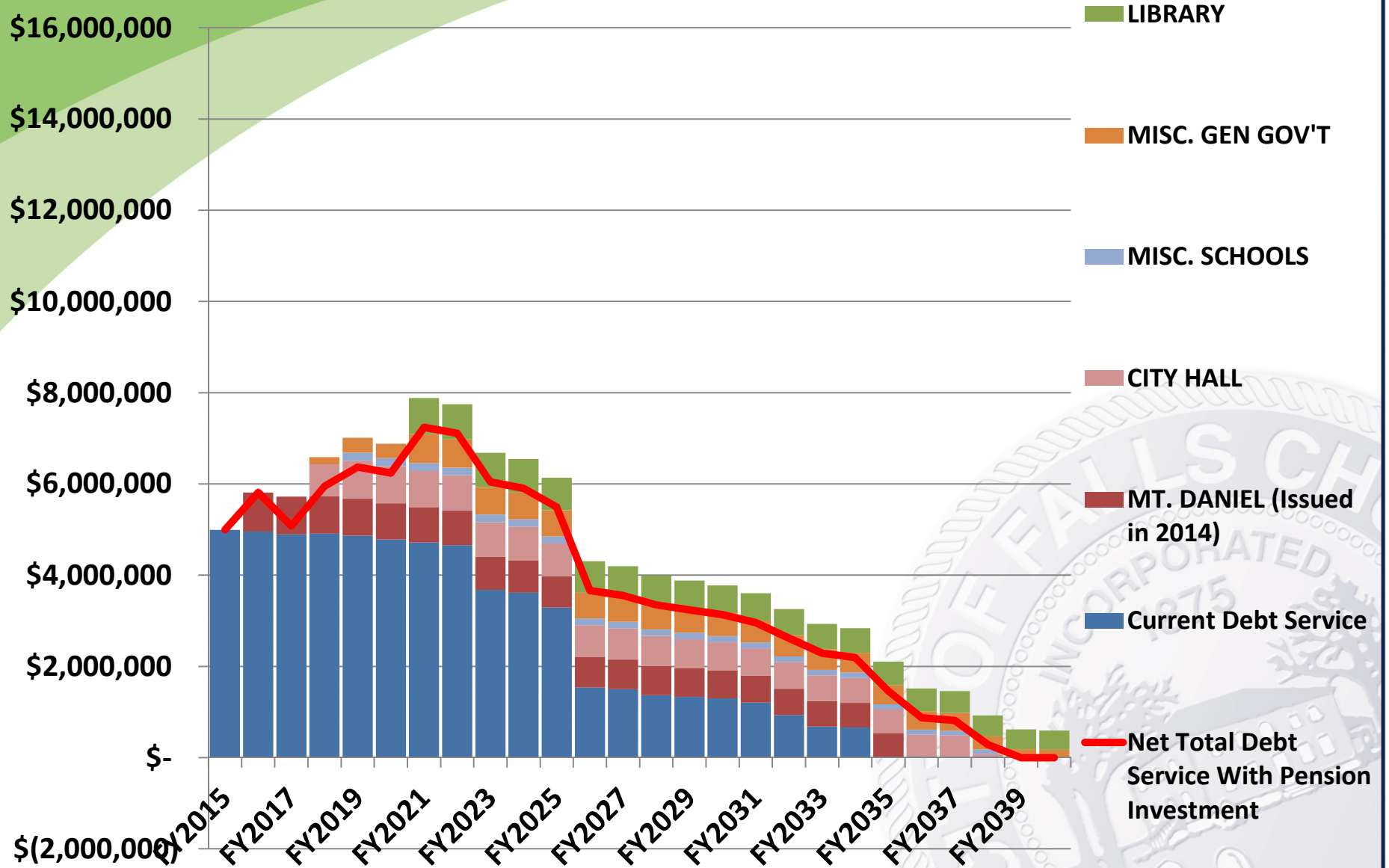
## Park Ave/ N Washington

March 9, 2015

# Outstanding Tax-Supported Debt December 2014

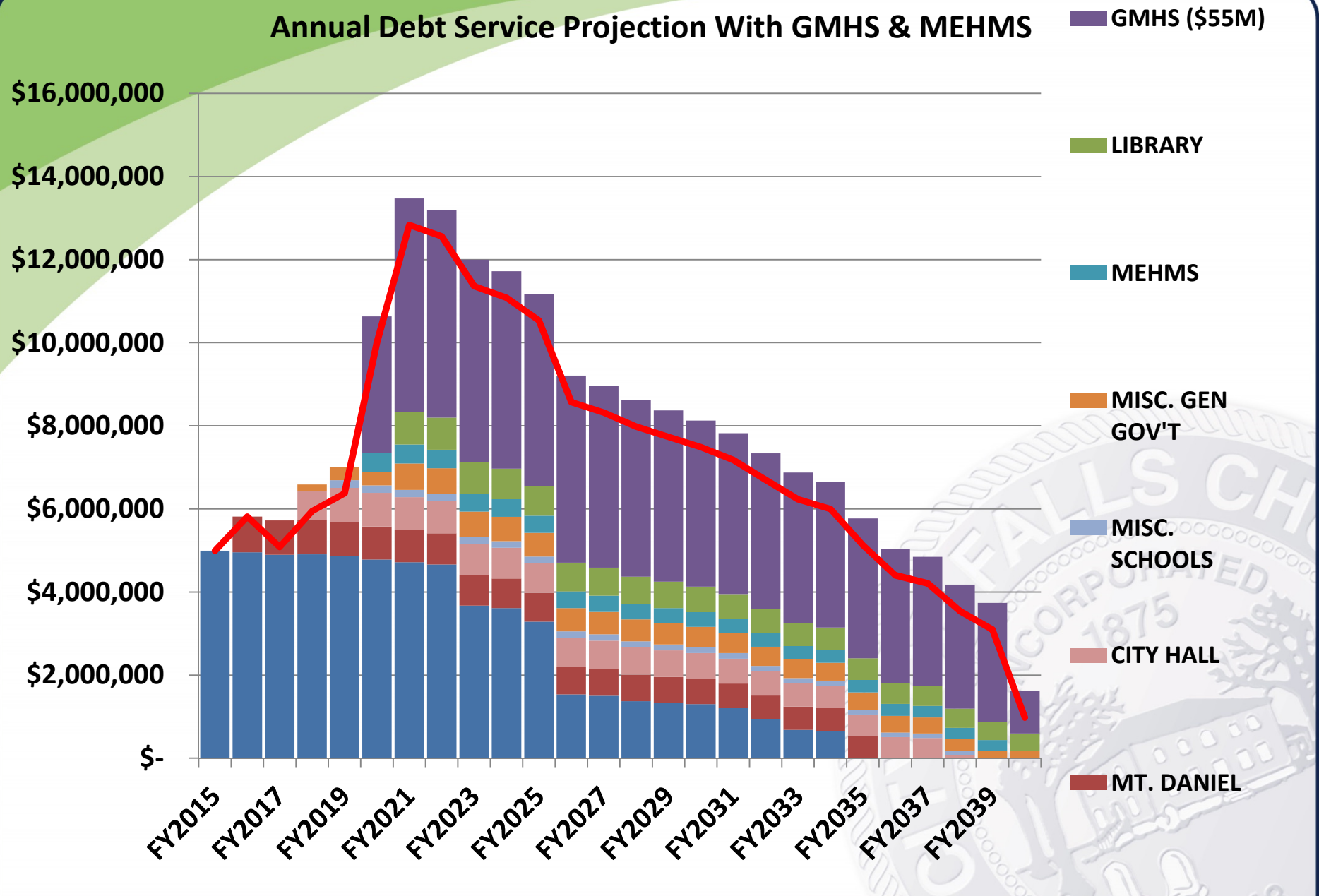


## Annual Debt Service Projection





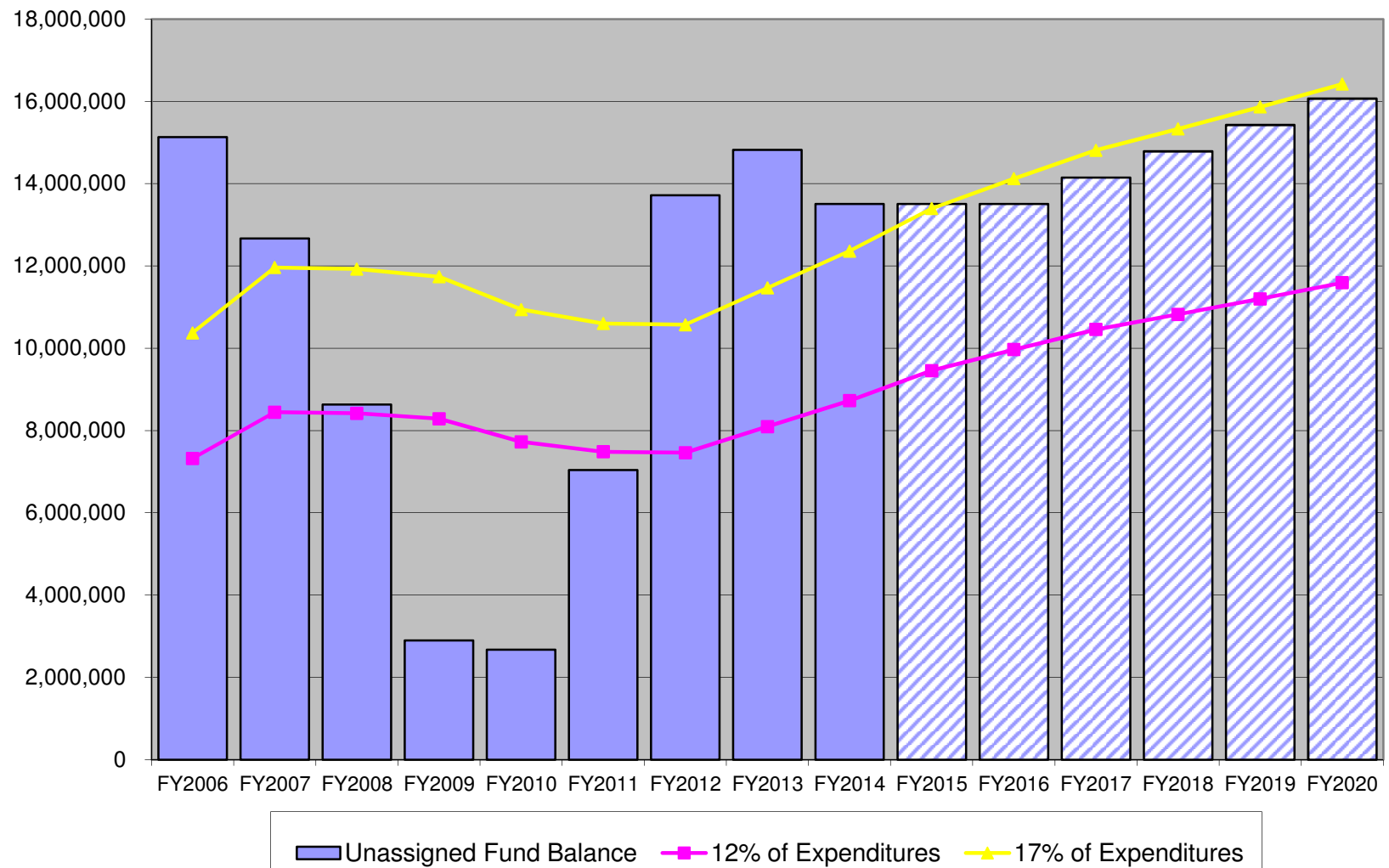
## Annual Debt Service Projection With GMHS & MEHMS



# Capital Capacity Challenges

- The City has significant capital needs
- FY15 deficit must be addressed
- If operating budgets are allowed to grow faster than economic growth, financial capacity for capital projects is diminished

# Fund Balance



# Capital Capacity Strengths

- **AAA / AAA / Aa+ ratings are indication of strength:**
  - ✓ **Fund balance at policy target**
  - ✓ **Strong Capital Reserves**
  - ✓ **Fully funded pensions**
  - ✓ **Significant new economic development in the City**
  - ✓ **Record of strong financial management by City Council and staff**

# Operating Budget Summary

- “Organic” revenue growth: **4.1%**
- General Government: **1.5%**
- School Board request: **5.3%**
- Additional revenue required: **\$1.4M**  
4.0 cents on the RE Tax Rate
- Recommendation: Advertise RE Tax  
Rate of \$1.345 per \$100



# Schedule

- **March 14 & April 11: 10 a.m.**  
**Saturday Town Hall Meetings**
- **March 16: Budget Open House**  
**& Work Session**
- **March 23, April 13, April 27:**  
**Public Hearings**
- **April 27: Adopt FY2016 Budget**
- **July 1, 2015: FY2016 Budget in effect**

# Public Information & Comment

- All Budget Presentations and data can be found at:  
[www.fallschurchva.gov/budget](http://www.fallschurchva.gov/budget)
- Send comments to:  
[\*\*budget@fallschurchva.gov\*\*](mailto:budget@fallschurchva.gov)